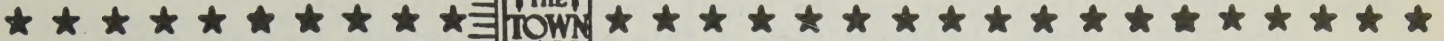


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TOWN MEETING



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"IS THE GOVERNMENT CONTROLLED BY BIG BUSINESS?"

Speakers:

REP. EUGENE J. McCARTHY

REP. WILLIAM E. MILLER

Moderator:

DR. SHEPHERD L. WITMAN



Under auspices of
Akron Civic Forum

BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

Broadcast Sundays, ABC Network, 8 to 9 p.m., Eastern Time

"IS THE GOVERNMENT CONTROLLED BY BIG BUSINESS?"

ANNOUNCER: Tonight's TOWN MEETING originates from Akron, Ohio, where the Akron Civic Forum is presenting this program to the community as its contribution to Akron's successful civic drive, forging ahead under the banner of "AKRON, LET'S GO." The Civic Forum, in its 27th year as a cultural and education leader, is a non-partisan, non-profit organization. Its city-wide nature is demonstrated by the groups co-sponsoring this origination: the Junior Chamber of Commerce, the Akron Chamber of Commerce, the Akron Federation of Labor, the Akron Council of CIO, the Summit County Republican Party and the Summit County Democratic Party.

The City of Akron, in recognition of this evening's tribute from the Civic Forum and its co-sponsors, is responding, through its mayor, the Honorable Leo Berg, with the following proclamation:

"Like Town Meeting, the Civic Forum's aim is to support a platform for free discussion, where men of wide knowledge in their specialities present facts and state opinions on topics important locally, nationally and internationally. Like Town Meeting, the Civic Forum believes that only an informed citizenry can make proper decisions regarding its welfare."

Now to preside as moderator of our discussion, here is Shepherd L. Witman, Director of Residential Seminars on World Affairs. Dr. Witman!

DR. WITMAN: Good evening, friends. There is a story that is going around among international students and that is that there were a group of men brought together and they were asked to write essays on the elephant. The Frenchman turned in an essay which he entitled, "The Loves of the Elephant." The Englishman turned in an essay which he had entitled, "The Elephant and the Empire." The Russian turned in an essay which he entitled, "How to See Pink and Red Elephants." And, the American turned in one, "How to Raise Bigger Elephants." Now, I think that the point of the story here is that we in this country have always associated bigness with goodness and, in a part, this has resulted in the development of an economic society which has been characterized in part, at least, by bigness. Certainly, in the American economic society we have developed huge economic enterprises. I have a clipping before me, for example, from an article by Sylvia Porter. I can't vouch for its authenticity, but it certainly indicates a trend. She said this: "How big is big business in our land today?" She says about one-half of the free world's industrial output is produced by the United States and almost exactly one-half of the United States output, in turn, is produced by about 500 corporations. These 500 giants represent less than two-tenths of 1% of the 360,000 manufacturing and mining companies in the country. I presume that is big business.

Now, on the other side, we have also had in this country a long-standing tradition of the importance of the role which government must plan in balancing the forces of our society and that, therefore, government should -- certainly we have accepted the Jeffersonian concept in this -- act as the balance wheel. Our topic, therefore, for tonight, and the one which we must analyze, goes deep into the fabric of the American way of life: "IS GOVERNMENT CONTROLLED BY BIG BUSINESS?" There is nothing light, nothing superficial about this problem. Therefore, we have selected two men to do the job of analysis for us who would be particularly, eminently qualified for the job.

We will first hear from Representative Eugene J. McCarthy, who is Democratic Congressman from St. Paul, Minnesota, and is a member of the House Committee on Ways and Means. He is a former member of the Committees on Banking and Currency and Agriculture. He was first elected to Congress seven years ago and had previously been a professor of economics and education at St. John's University in Minnesota. Mr. McCarthy has also served with the Military Intelligence Division of the War Department. We're delighted to have you here, Congressman McCarthy, and may we now hear from you.

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REP. McCARTHY: Dr. Witman, Congressman Miller, ladies and gentlemen. I think I must take issue with the statement made by the moderator with regard to the universal acceptance in America that the goodness is bigness and bigness is goodness. I'm sure that the Republicans would not accept that big government is necessarily good, and I think we could accept too that there is not a long-standing tradition in this country supporting the proposition that big business is necessarily good. On the contrary, we have a tradition of criticism and of opposition to big business, which goes back at least until the last decade of the 19th century.

The proposition here tonight is, is government -- and I have assumed that by that we mean the national government -- controlled by big business? Of course, I do not hold that it is controlled in any absolute sense and that every detail of government is dictated by some committee of big businessmen, but I do think the big business influence in this administration is too powerful and I think that it can safely be said -- although this will be disputed -- that the big business influence is the dominant influence in the present administration. If this is not the case, then there are a lot of big businessmen in this country who are suffering from an illusion of power and they have been making contributions to a cause in which they thought they had more influence than I think they actually do have. All members of the Cabinet, with the exception of the Secretary of Labor, are either themselves big businessmen, or have been closely associated with big businessmen. Of course, we haven't had a Cabinet of this kind in recent years but a look at the record shows George Humphrey is the Secretary of the Treasury; chairman of the Board of the M. A. Hanna Company. It shows Charles Wilson, former president of General Motors -- Sinclair Weeks of Reed and Barton Corporation, the Pullman Company and the First National Bank of Boston, and others, -- Marion Folsom, treasurer and director of the Eastman Kodak Company. Well, you may say that you would expect some big business representation in this administration, and I think that we should have expected it, but I would like to have you reflect on the kind of cry that would have gone up had President Roosevelt or Harry Truman appointed six or seven men from organized labor to the Cabinet of the United States and had taken one big businessman and made him the Secretary of the Treasury or the Secretary of Commerce. Then, I think there would have been grounds for the charge that the Democratic Administration was dominated by the labor movement. But, of course, no such kind or number of appointments was made by the Democratic Presidents.

In addition to these appointments to the Cabinet, you have the fact that there have been many, many commissions set up to make recommendations with regard to almost every agency of government. A look at the membership of these commissions again shows that too many people have been drawn from the ranks of big business. Just a few weeks ago the President set up a Citizens Commission on Intelligence. Well, now, you would think that here was something which might be spread about. It would not be necessary to draw on big businessmen to consult with them on the question of intelligence, but if one looks down at the record he finds, again, that this particular commission has presidents of two steel companies -- it has the chairman of the board and president of other large holdings in the East -- and in addition to these big businessmen, as I remember, two generals and one admiral and the president of one university. It seems to me that this commission -- as is true of many other commissions in the government -- is too strongly weighted on the side of big business.

And then if we look at the record itself -- the record of performance -- I think we have rather substantial evidence to show that the administration has been conducted to the advantage of big business. Business failures, for example, in the \$5,000 to \$25,000 class, increased approximately 36% over 1952, as between '53 and '54, and the rate is continuing at the present high level, even though we are enjoying the highest rate of general productivity the country has ever known. Last July, the Senate Small Business Committee revealed that in the fiscal year 1954, small firms had got some 25% of government contracts. An estimate for fiscal '55, according to the committee, set the percentage that was going to small business at 20%, a reduction from 1/4th to 1/5th,

of the total amount of contracts being given to small businesses. The tax policy has surely favored business and especially big business and the reports we have on the President's conferences, I think, indicate that business influence is too great. The "U. S. News and World Report" last year published the results of the survey and found that during the time covered by their survey, that the President had invited 294 businessmen to his special dinners, but only 9 farmers, 8 labor leaders and 6 church leaders. Shortly after this report was published, it was announced that the guest list would no longer be published, for they said they were afraid the people might believe that the business influence in the government was too strong. But, it would seem to me, with a ratio of 294 to 9 farmers, that you might have some suspicions -- 294 to 8 labor leaders, you might raise some questions -- and 294 to 6 church leaders might create some doubts.

I think the general evidence tends to bear out the observation made by Woodrow Wilson that the Republicans believe that the only people who can be trusted with the prosperity and the welfare of the nation are those who have the greatest material stake in that welfare.

DR. WITMAN: Thank you very much, Representative McCarthy. And now we will hear another side of this same picture from Representative William E. Miller of Lockport, New York, who has been a member of Congress since 1950. He is on the House Committee on the Judiciary. A lawyer by profession, Mr. Miller has also served as District Attorney of Niagara County. He has been active in the past three presidential campaigns as a member of the Republican Party Speakers Bureau. We're delighted to have you back, Representative Miller.

REP. MILLER: Dr. Witman, my distinguished colleague, Congressman McCarthy, my distinguished colleague, Congressman Ayres, and ladies and gentlemen. I think, in the first place that no intelligent man would attempt to speak to the proposition that we are speaking to tonight without at least, first, attempting to define the terms, as was indicated earlier. I think it is unfortunate that the topic, as presented, is already clouded by political demagoguery which has cast a stigma on the term "Big Business," and the political history which has developed a bad connotation for the word "controls." For political reasons, these demagogues have, in my judgment, waged a continuous attack on big business without seeming to attack the millions of employees of firms producing, transporting or selling goods -- or the 7-1/2 million individuals owning shares in the publicly owned corporations, or the tens of millions of Americans with an independent stake in American business, through insurance companies, pension funds, investment companies, foundations, savings banks, and personal trust funds. All these are an integral part of big business.

American business encompasses, in truth, most Americans, and a worsening of business conditions in this nation inevitably means a worsening of the conditions of the individual man in America. We can't make steel in a teapot, or automobiles with a sewing machine, and the mass production methods which have made America an industrial giant throughout the world requires a great outlay of capital. It is estimated that it requires \$15,000 of capital to provide one job for one American and no one doubts that America is today probably the last major nation in the world undefeated in war, primarily because of our industrial might. The individual American is the one who benefits from this system. He draws the wages from business, and it is he who reaps the benefits in the form of new automobiles, TV sets, dishwashers and other mass-produced items which he is able to buy for the comfort of his family. Of course, this Administration is helping business. Business is the foundation of our security from foreign attack, the insurance for our old age, the source of the goods and services which give Americans the highest standard of living in the world. Business is a source of job careers, the avenue to better health, longer life and more leisure to cultivate one's talents and interests. It lifts a burden of dire need from the backs of our men so they can raise their eyes to more spiritual needs.

Between 1933 and 1953 I claim we had a national administration that did not like business and did not understand business. Their ranks became infiltrated by small but

well-organized and dedicated groups who hated our free enterprise system. They knew that the quickest way to destroy America would be to destroy our free enterprise system and in its place, substitute big government.

Under these 20 years of gradual movement toward a socialistic big government, the American people became fed up with stifling controls and with the attempt to pit class against class within our nation. In 1952 they expressed their dissatisfaction with big government and asked for a return to the free enterprise system. If the proposition today is whether or not the Federal Government should continue to look after the welfare of all workers, organized or unorganized, whether the workers are on the farm or in the factory, whether they live in the country or in the city, -- then the answer is an unqualified Yes. And if it is a part of the proposition to determine whether or not these Americans should control government, then the answer again should be a hearty Yes.

Any man who tries to abort this proposition into a question as to whether or not the American workingman should hate the successful American businessman is doing his nation, in my judgment, a great disservice.

It is the dream of every American workingman that through his efforts and prudent investment of his savings, he, too, may reach success and provide more and greater comforts for his family. This is the American way. This is what has made us greater than any other country in all the world, and in this time of our country's need, we can ill afford to set class against class or creed against creed for by such a method shall we destroy effectively the unity we need against the encroachment from those within and without who would destroy our system of private enterprise.

DR. WITMAN: Mr. McCarthy, we'll give you a chance now to comment on Mr. Miller's statement.

REP. MCCARTHY: Dr. Witman, I think I'll clarify my position -- if there is any misunderstanding -- in that I am not taking a stand against business here. I don't feel that business should be eliminated from the American economy. The issue is one of big business versus small business, really, and the point I want to make is that big business has too much influence in government and that government, in turn, is giving too many advantages to big business. In effect, I am asking for -- in a quantitative sense -- more free enterprises in America than are likely to exist if the present trend continues. I would like to comment on one statement by Congressman Miller to the effect that this administration knows and understands business and it succeeds one which, he indicated, was unfriendly to business and to industry. Well, I think we ought to look at the record and note that in the years from 1920 to 1932 we had a Republican Administration which, supposedly, knew and understood business. And what happened in America? In 1920, the national income was \$59 billion. After 12 years of this knowing and understanding administration, the national income was down to \$42 billion. Then, as we have it from the record, Democratic Administrations took over, not knowing and understanding business with a national income of \$42 billion a year and they have brought it up, in 1952, to \$289 billion a year. If you get that kind of result from an administration in the control of a party which is supposedly not knowing or understanding business, it seems to me we ought to have more of it.

REP. MILLER: I would like to comment first to the statement of Congressman McCarthy when he states last July the Senate Small Business Committee revealed that in the fiscal year 1954, small firms got some 25% of government contracts; estimates for fiscal 1955, according to the committee, were set at not more than 20.8%. Now, I have just secured the very latest figures on this very point from the Department of Commerce and I will show the figures for the first five months of 1956, in addition to the figures of 1955. They show that small business contracts are running 28% of all government contracts for the current fiscal year. The Department of Commerce figures show that in 1951, under the Truman Administration, small business contracts amounted to 21% of total government business. In fiscal 1952, in the Truman Administration, small business contracts amounted to only 17% of all of government business. In fiscal 1953, which was a Truman fiscal year, small business contracts received only

16% of total government business. Now, for fiscal 1951, the Department of Commerce figures show that total government contracts amounted to \$30.8 billion. Small business received from the Truman Administration only \$6.4 billion, or 21%. In 1952, in the Truman Administration, government contracts amounted to \$41.2 billion. Small business contracts were \$7.1 billion; only 17% of all government business went to small business. In 1953, out of \$28.4 billion worth of government contracts, only 4.6% went to small business, or 16%. In 1954, in this administration, total government contracts were \$11.6 billion -- \$2.9 billion went to small business, or, 25%. In 1955, \$14.8 billion in government contracts -- \$3.2 billion to small business, or, 22%. And for the first five months of this year, we have dropped from spending \$30.8 billion, as was spent in a Truman fiscal year, down to only \$4 billion -- but out of the \$4 billion, small business has gotten from this administration \$1.1 billion, or, 28%, -- so that it shows that although we are spending practically \$26 billion less this year in government contracts than the Truman year of '51, we're giving 10% more of it to small business.

REP. McCARTHY: I would make two observations to that. One is that at least some of the statistics which have been reported relate to the war years -- the Korean War years of the Truman Administration -- and it's a matter of record generally in time of war the big business people are turned to because it's easier to negotiate the large contracts, but we have supposedly had a period of peace, although the Federal budget has been running somewhat above the normal peacetime budget, in these last two or three years. And in such times the government has an obligation and an opportunity to try to spread its contracts about so as to keep our industry and business in balance. I do hope that these statistics which the Commerce Department is now reporting will bear out to the end of the year. You don't ordinarily declare whether a game has been won or lost at the half, however. And I would like to add, as additional evidence to the effect that small business has suffered since 1952, the statistical data that small business profits have gone down by 66% since 1952, while big business profits have gone up 46%. That doesn't show that small business has made tremendous gains.

DR. WITMAN: We must remember we're talking about the question of control, not what is happening, but rather whether or not business controls government. I wonder if we could get back a little more closely on the track on that?

REP. MILLER: On the question of control, I think it more or less is meant, at least I inferred that what was meant by this topic was, that is the big business the dominant influence in our government and in its policies? Are the policies of today dedicated only to the interest of big business or to people generally? On that point, the Congressman quoted the fact that there were -- I think he said a 60% increase -- in small business failures in the years 1953 to 1954. Now, you must remember that that isn't solely the point. You may have business failures at the termination of the Korean War, as you had at the termination of World War II, because many small businesses are set up as a result of a war condition simply to make a trigger on a gun, or some such thing, and when the war is over, they necessarily terminate their activity. Then their capital and their labors are taken up in other industry. As a matter of fact, at the conclusion of World War II, the increase in business failures was not 70%, but 300%. The point is that in the same period that he is talking about 60% business failures, there were 210,000 new businesses started in the same year.

DR. WITMAN: I don't quite see what this has to do with control of government and I do think we ought to get back on the track on this subject. Let me try to ask a specific question which was in one of the preliminary statements. That is the whole question of whether or not this administration or our government today has placed too many representatives of big business in crucial positions in government responsible positions. What about that? Is there a disproportionate allocation of big business representation in responsible positions of government today?

REP. McCARTHY: Of course, it is my opinion that there is -- in the Cabinet and on the special commissions advising the President, as well as in some of the appointments to the actual commissions established by law.

REP. MILLER: I claim that the mere fact that a person is selected for a certain commission or a job, the fact that he has been a successful businessman is not any proof of the fact that he is unduly influenced by that philosophy, by virtue of being in government. In other words, one of the campaign pledges made by President Eisenhower was that, if elected, he would bring to Washington the very best and the most capable and the most able men that he could secure in this country and I presume that in so doing you would, of necessity, secure people who had been successful in private industry and in their private vocations. I don't know that it is any worse to have men who have been successful in private enterprise run the biggest business of all, which is the United States Government, than it is to have simply political cronies appointed.

REP. McCARTHY: I don't know that a business crony is necessarily any better as a crony than a political crony. If we are to judge on the basis of some of the things that have been discovered about some of the business cronies, then I think we can assume that probably there has not been as much separation of interests in other places in the government as we would like to see. I'm reminded, as this debate proceeds, of a man who ran for office in Minnesota and got elected. He used to begin most of his speeches by saying, "I look like a farmer, I act like a farmer, I talk like a farmer and, by heck, I am a farmer." But I think this administration looks like a big business administration -- it's got big businessmen at all the key positions. It talks like a big business administration when you have the Secretary of Defense saying, "What's good for General Motors is good for the United States." Or, the Secretary of the Interior saying, "We're in the saddle now." It talks like a big business administration. And when you look at the record of the award of contracts, if you look at the record of what's happened to small business, why, it seems to me that it acts like a big business administration. I'm inclined to go along with the statement of the old Minnesota campaigner that, by heck, it is a big business administration.

REP. MILLER: But the facts, Congressman, don't indicate that that is so. In other words, these statistics prove that small business is getting more in government contracts from this administration than it did under the Truman Administration.

REP. McCARTHY: The facts on profits show that small business profits are down 66% since 1952 and big business profits are up 46%.

REP. MILLER: The statistics show that from 1947 to 1953, all Democratic years, small business earnings, before taxes, dropped 26.7% -- Department of Commerce figures -- while during those same Democratic years big business earnings, before taxes, increased 57.9%. During those same Democratic years, small business earnings, after taxes, dropped 40.1% while the same years, big business earnings, after taxes, increased only 17%. I don't know who was invited to President Truman's poker parties all the time and I never had a guest list, but I don't think that it makes any difference as to whom President Eisenhower has for dinner, or whom President Truman had for his parties. The point is, is there any proof of any undue influence on the part of any of these people? I see none, statistic-wise or otherwise.

REP. McCARTHY: I haven't said it's necessarily undue influence -- it's just influence and persuasion. The President, himself, said in one of the early statements that he made after he took office -- and this is almost literally what he said -- that when I hold Cabinet meetings, he said, I let everybody talk and I wait until George Humphrey talks and, he said, George says what I'm thinking. Well, now, imagine what would have been said in the press of this country, if Harry Truman had appointed John L. Lewis to the Cabinet and then said, when we have Cabinet meetings I sit here and let everybody talk and I wait for John L. Lewis to talk, and when John talks he says what I think. Imagine the headlines.

REP. MILLER: I think, to a certain extent, Congressman, that whether in or out of the Cabinet, I think that certain people who were thinking certain ways under Truman influenced him a great deal. In his memoirs he indicates that he waited to see

what Dean Acheson said and then he spoke.

REP. McCARTHY: That's different. I think you ought to wait and hear people before you speak, but I don't think you ought to wait until they talk before you think.

DR. WITMAN: As you know, we always submit the subjects of our discussions in advance to the listening audience and then we ask them to submit questions. When tonight's subject was announced, we received the largest number of listener questions that have been received in many, many months. Tonight's prize-winning question is from Martin Wolfson, who receives a 20-volume set of the American Peoples Encyclopedia. He lives in Brooklyn, New York and this is his question: "Why does the phrase 'big business' frighten the American people?"

REP. McCARTHY: I would say that I don't think they are as frightened of it as they probably ought to be. There was a time when big business was a great rallying cry in campaigns. I think we need to face it objectively now, in terms of effects on the economy and the question of ownership and the distribution of economic power in the country, but I certainly would not advocate using it as we did in 1890 and perhaps even in 1932.

REP. MILLER: I see nothing inherently or insidiously wrong in the term "big business." Big business is what has made this country great. Certainly, we all recognize the fact that it must be regulated by government in the public interest and for that reason I think we have the Creighton Acts and the Sherman Anti-Trust Acts, and I think also what might be interesting on that point is that under the present administration, if it's so fond of big business and listening to big businessmen, it's odd that there are 75 more prosecutions this year by the Justice Department under the Sherman Anti-Trust Act against big business than the last year of the Truman Administration. But, certainly, they should be regulated in the public interest and no more than labor unions, no more than farmers' groups should they have any dominant influence in our government, for our government should be dedicated to the welfare of all individuals.

DR. WITMAN: We're going to go into our audience question period now and I think it is most appropriate that we begin by hearing first from Mayor Leo Berg, Mayor of the City of Akron. Mayor Berg do you have a question or a point to make?

MAYOR BERG: I would like to ask Congressman McCarthy a question. Isn't it true that the gas and oil industry is so powerful that a short time ago they were able to convince Congress that they should enjoy a 27-1/2% tax credit in the form of depletion annually? Furthermore, they have been able to have the 2% tax penalty removed for the filing of consolidated tax returns. And now -- the noblest of all -- the Fulbright Bill which removes them from under any Federal Power Commission control whatsoever and leaves the consumer at their mercy.

REP. McCARTHY: This last bill, the gas bill, was submitted as a bill on behalf of the small producers. There were some of us who had grave reservations as to whether it really was to the benefit of the small producer, but I think the record is pretty clear that the large oil companies have great influence -- it's a great industry, of course -- but they have great influence in the Congress of the United States and I think they have great influence in State Legislatures throughout the country. I think their influence is too great, in both cases.

DR. WITMAN: Thank you for your reply to that and also for your question, Mayor Berg. Also in our audience is Representative William Ayres of the 14th Ohio District of Akron. I'll ask him if he has a question or point he would like to make?

REP. AYRES: Yes, I do. It's rather difficult to ask my distinguished colleagues a question because they will have a chance to get even with me back in Washington. However, Congressman McCarthy, I was pleased when you came over to my house for dinner this evening and I feel a little guilty in asking you this question -- however -- you have inferred that it perhaps was wrong for men to be appointed to the Cabinet because they had been a success in their various fields of endeavor. You said that the only man in the Cabinet who wasn't a millionaire was the Secretary of Labor, a great man, Mr. Mitchell. Now, my question, Mr. McCarthy, is this: Do you believe that a person

should have failed as a haberdasher prior to holding federal office?

REP. McCARTHY: I would say that I would put failure in the days of the depression in about the same category as being unemployed in those days. And, certainly, I would not want to disqualify from any act of citizenship, either voting or holding office, whether it be that of the Mayor of Akron or a member of the council or whatever level of government it may be, or from being President of the United States because his business had failed in the depression or even outside the depression, or because the man was unemployed in the depression or outside of the depression. I think you should have submitted that question to me at dinner.

REP. MILLER: I would just like to make the record clear that when the Mayor was talking to Congressman McCarthy about the Fulbright-Harris Bill, the gas bill, that I want the record to show that the bill was sponsored in the Senate and in the House by Democrats and not Republicans.

REP. McCARTHY: I think what Congressman Miller says shows that the Democrats are not altogether opposed to big business. We have big businessmen and big financiers in the Cabinet at all times. We've had presidents and candidates for the presidency who were millionaires. It's a question of balance. We're not against big business, we're just against too much big business.

REP. MILLER: The only thing I can keep repeating is that the record will show that for the first time in a long time this administration as headed by big business at least reduced the cost of government for all American people, and passed the first tax reduction bill instead of a tax increase bill in 20 years.

DR. WITMAN: Let's go down to the audience and have some of their questions.

QUESTIONER: Congressman McCarthy, do you believe the statement, "When big business prospers, the country prospers?" If you do believe this statement, why shouldn't big business have a say in the government? If you don't believe it, how can you explain the prosperity of today?

DR. WITMAN: You have some options there, Congressman McCarthy.

REP. McCARTHY: There are two considerations. It isn't necessarily true that the country prospers when big business prospers. It's got to be balanced out. You can have big business prospering and small businesses in decline and the net effect may be harmful to the economy. The other consideration is -- there are really two -- a kind of political and social consideration, in that we have always held it desirable in this country to have widespread ownership, an effective ownership, not only ownership in the sense of holding a share of stock along with two million other people, but ownership in the position of a person making decisions about business and the free enterprise system and widespread ownership has been one of the things which we have said was basic to the American economy. So, if you have a system developing which is freezing out these people, independent owners, and concentrating ownership in one corporation in the hands of a few people, I say that it is socially undesirable. And you have the long-range political danger that -- I think there was evidence of this in Germany, for example -- where you had tremendous monopolies which were very easily taken over by the state or even became a part of the totalitarian movement on their own motivation. We haven't reached that danger point yet, but it's a trend concerning which we need to be concerned. We have to be concerned and fight it all along the way.

REP. MILLER: I would like to comment on the fact that the Congressman constantly keeps referring to the trend. Now, the fact of the matter remains that in the year 1947 small business units or population in this country were \$3.6 million. By 1955, the small business population rose from 4.1 million units. In fact, today, small business accounts for more than 98% of the total business units in the nation. Small business is on the increase under this administration -- not the decrease.

REP. McCARTHY: The only point I want to make is that when you examine this, it is not merely a matter of looking at the number of units but it is looking at the concentration of economic power. It's not units but it's the quantity which is concerned. As the moderator pointed out, at least in part, in talking about how big big business is in our land today, he pointed out that one-half of the free world's industrial out-

put is produced in the United States and almost one-half of the United States output, in turn, is produced by about 500 corporations so that there is a danger of concentration of economic power here and it has political dangers, it has some economic dangers and it has social dangers. And I think that when you have this tremendous economic power, aligned with the power of government as it is today -- now, they're not necessarily doing everything badly and they're not running the whole country down for the sake of big business, they're not killing the goose that laid the golden egg, I'm not saying that -- but when you look at this identification of power, and you feel that these benevolent big businessmen should be given the control of government and you want them to run it, we hope for our good, that's a clear proposition -- but if you think there is a danger in it, as I do, then I think we need to be concerned about this close identification of big business power and big government, because we still have big government in America.

REP. MILLER: I think it should be pointed out that when you talk about 500 businesses or corporations, you're not talking about just 500 families or 500 people; 7-1/2 million people throughout our country own stock in all these corporations. Under our system here in the United States we have the greatest public ownership and diversification of ownership of these corporations of any country in the world. Pension funds, savings funds, insurance funds, labor union funds are all invested in these corporations.

QUESTIONER: Congressman Miller, if government was opposed by big business or opposed to big business from 1933 to 1953, as you say, how do you account for the fact that corporation reserve funds had reached an all-time high by 1952? This included Akron's biggest rubber company.

REP. MILLER: Because of the fact that in those years you had, of course, during the depression years tremendous pump-priming by government. You had tremendous taxation and tremendous spending and a tremendous creation of a tremendous deficit on the part of government. Then, of course, in many of the years you are talking about there, along came the war and naturally, of course, with the tremendous production required in an all-out world war, corporate profits went up as did the wages of those who worked in the industries, but the important point is that all of this time government was getting bigger and bigger and bigger. You must remember one thing, and that is that government -- and I don't care whether it is Federal Government or State Government or local government -- but government can never give you anything that it hasn't first taken away from you and the important thing to remember is that during all this time, starting in 1920, or whatever the year was you quoted there, at that time....

QUESTIONER: It was your quote, you said 1933 to 1953.

REP. MILLER: All right. Beginning in 1933, for instance, just as an illustration; in 1933 the United States Government, as such, produced only 1/7th of 1% of all of the electric power in the United States. After 20 years, the United States Government is now producing almost 15% of all of the electric power produced in this country. And if that trend continues, then, of course, it would mean an eventual complete government ownership and operation of our electric light and power industry, just as an illustration.

QUESTIONER: I'm not satisfied with that answer. In the first place, the war ended in 1945, except for the Korean War. That was seven years before the end of the Democratic Administration and this period from '33 to '53 must not have been so punitive of big business as you've declared if they were able to set aside these reserve funds.

REP. MILLER: Actually, of course, from 1945 to the outbreak of the Korean War, corporate earnings all over the country went down as did individual earnings.

QUESTIONER: I'm not talking about earnings. I asked you to explain these reserve funds. They must have earned it some way.

REP. MILLER: No one is contending that beginning in 1933 and ending in 1952 that there became a complete socialization by government of industry and that all industry or any part of industry or any part of industry was not successful -- but that the trend existed which, if continued, would have become disastrous as far as our free enterprise system is concerned and as far as American business is concerned.

QUESTIONER: Mr. McCarthy, is government control by big business any more of a menace to democratic society than the control by combined labor organizations through their lobby and contributions to campaign expenses?

REP. McCARTHY: You're assuming that we have one or the other. Let me say this. In my opinion, the big business influence in the government today is more harmful -- that's rather a negative way to put it -- is less desirable than the kind of labor influence you had on the government under the Democratic Administration.

QUESTIONER: I'd like to refer to the fact that the emphasis is upon control and controls were exerted, of course, during the Democratic Administration through labor organizations and now today with the combined unions it would be even more possible. I'm only referring to degrees of control.

REP. McCARTHY: Well, there is a question as to whether it could be more effective with the combined labor movement. Insofar as the actual influence, as I see it, influence that the labor movement had on past Democratic Administration, in comparison with the influence which I think big business has on the present administration -- it is my opinion that that other influence was more desirable -- to put it positively than the present influence is desirable.

QUESTIONER: Congressman Miller, how can big business legitimately present its point of view to the Congress? What constitutes undue influence?

REP. MILLER: Well, of course, we have a lobbying act, as you well know, and the odd part of the thing is that the most powerful lobby and the one that spent the most money in Washington last year was the Public Power Lobby. But as far as the interests of big business are concerned, I would presume that the most effective way would be through the organizations, just as labor has its organizations in order to promote its own aims and to publicize its desires. So do manufacturers, through the National Manufacturers Association -- the various Chambers of Commerce, and other ways can they by the passage of resolutions and by their transmittal to members of Congress convey to them their desires, wishes, feelings, concerning pending matters of legislation and the way that legislation may effect them, either favorably or adversely.

QUESTIONER: Congressman McCarthy, if it is true that government is controlled by big business, what steps should be taken to eliminate this control?

REP. McCARTHY: The best way, of course, is to elect a Democratic Congress and Democratic President. That wouldn't eliminate it altogether, but it would reduce it, I think, to a reasonably proper measure.

REP. MILLER: I might say, that's purely personal opinion.

QUESTIONER: Representative Miller, if being a big business executive does not effect the administration's philosophy, why, when Eisenhower appointed Martin Durkin Secretary of Labor did the Republicans raise such an uproar?

REP. MILLER: I think it wasn't because of his philosophy. I think the Republicans raised an uproar because he was a Democrat and had supported Stevenson.

DR. WITMAN: I'm afraid I'm going to have to interrupt this discussion at this point. I want to thank both of you speakers very much indeed -- Congressman Eugene J. McCarthy of Minnesota and William E. Miller of New York -- for this very helpful, very enlightening and very stimulating, and I must say, very pointed discussion of our subject of tonight.

Our thanks also to the hosts for this TOWN MEETING, the Akron Civic Forum, a very famous Ohio platform for the past 27 years.

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